



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011
OF THE CONDITION AND AFFAIRS OF THE
PHYSICIANS HEALTH PLAN

NAIC Group Code 3408, 3408 NAIC Company Code 95849 Employer's ID Number 38-2356288
(Current Period) (Prior Period)

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile US

Licensed as business type:
Life, Accident and Health [] Property/Casualty [] Hospital, Medical and Dental Service or Indemnity []
Dental Service Corporation [] Vision Service Corporation [] Other []
Health Maintenance Organization [X] Is HMO Federally Qualified? Yes () No (X)

Incorporated/Organized December 18, 1980 Commenced Business October 1, 1981

Statutory Home Office 1400 East Michigan Avenue, Lansing, Michigan 48912
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 1400 East Michigan Avenue, Lansing, Michigan 48912 517-364-8400
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1400 East Michigan Avenue, Lansing, Michigan 48912
(Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 1400 East Michigan Avenue, Lansing, Michigan 48912
(Street and Number, City or Town, State and Zip Code)
517-364-8400
(Area Code) (Telephone Number)

Internet Website Address www.phpmm.org

Statutory Statement Contact Kevin Essenmacher 517-364-8400
(Name) (Area Code) (Telephone Number) (Extension)
kevin.essenmacher@phpmm.org 517-364-8407
(E-Mail Address) (Fax Number)

OFFICERS

Scott Wilkerson (President) Randolph Rifkin (Secretary)
David Vis (Assistant Secretary) Patrick Gribben, Jr (Treasurer)

OTHER OFFICERS

Marylee Davis, PhD (Chairperson)

DIRECTORS OR TRUSTEES

Diana Rodriguez Algra
Wendell Barron
Richard Bruner
Marylee Davis, PhD
Patrick Gribben, Jr
Bradley Hoopingarner, MD#
Larry Rawsthorne, MD
Randolph Rifkin
Kenneth Rudman, MD#
Dawn Springer, MD
Dennis Swan
Scott Willerson

State of Michigan }
County of Ingham } SS

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Scott Wilkerson Marylee Davis, PhD Randolph Rifkin
President Chairperson Secretary

Subscribed and sworn to before me this day of
a. Is this an original filing? Yes (X) No ()
b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Column 1 minus Column 2)	4 Net Admitted Assets
1. Bonds (Schedule D)				
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	49,532,835		49,532,835	27,762,898
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)	1,964,325		1,964,325	2,067,915
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ (3,603,478) , Schedule E - Part 1) , cash equivalents (\$, Schedule E - Part 2) and short-term investments (\$ 6,518,613 ,Schedule DA)	2,915,135		2,915,135	32,386,968
6. Contract loans (including \$ premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	6,413,428		6,413,428	6,517,946
9. Receivables for securities				160,213
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Line 1 through Line 11)	60,825,723		60,825,723	68,895,940
13. Title plants less \$ charged off (for Title insurers only)				
14. Investment income due and accrued	688		688	174
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,933,646		1,933,646	1,814,662
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	334,207		334,207	311,445
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	5,936,947	5,782,278	154,669	33,752
21. Furniture and equipment, including health care delivery assets (\$)	63,808	63,808		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	1,008,129		1,008,129	1,555,751
24. Health care (\$ 1,304,285) and other amounts receivable	8,152,460	2,137,317	6,015,143	1,306,848
25. Aggregate write-ins for other than invested assets	1,121,763	1,121,763		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	79,377,371	9,105,166	70,272,205	73,918,572
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Line 26 and Line 27)	79,377,371	9,105,166	70,272,205	73,918,572
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)				
2501. PREPAIDS	1,121,763	1,121,763		
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	1,121,763	1,121,763		

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	12,522,614	1,787,110	14,309,724	10,023,092
2. Accrued medical incentive pool and bonus amounts	4,225,314		4,225,314	4,064,429
3. Unpaid claims adjustment expenses	264,346		264,346	179,411
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				
8. Premiums received in advance	615,810		615,810	1,691,074
9. General expenses due or accrued	2,908,134		2,908,134	3,217,915
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others	157,955		157,955	117,638
13. Remittances and items not allocated				
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)				
15. Amounts due to parent, subsidiaries and affiliates	987,293		987,293	2,883,838
16. Derivatives				
17. Payable for securities				231,141
18. Payable for securities lending				
19. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)				
20. Reinsurance in unauthorized companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans				
23. Aggregate write-ins for other liabilities (including \$ current)				
24. Total liabilities (Line 1 to Line 23)	21,681,466	1,787,110	23,468,576	22,408,538
25. Aggregate write-ins for special surplus funds	X X X	X X X		
26. Common capital stock	X X X	X X X		
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X		
29. Surplus notes	X X X	X X X		
30. Aggregate write-ins for other than special surplus funds	X X X	X X X		993,647
31. Unassigned funds (surplus)	X X X	X X X	46,803,629	50,516,387
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	X X X	X X X		
32.2 shares preferred (value included in Line 27 \$)	X X X	X X X		
33. Total capital and surplus (Line 25 to Line 31 minus Line 32)	X X X	X X X	46,803,629	51,510,034
34. Total liabilities, capital and surplus (Line 24 and Line 33)	X X X	X X X	70,272,205	73,918,572
DETAILS OF WRITE-INS				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)				
2501.	X X X	X X X		
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. Totals (Line 2301 through Line 2503 plus Line 2598) (Line 25 above)	X X X	X X X		
3001. UNREALIZED INVESTMENT IN AFFILIATE	X X X	X X X		993,647
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. Totals (Line 3001 through Line 3003 plus Line 3098) (Line 30 above)	X X X	X X X		993,647

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	403,697	432,399
2. Net premium income (including \$ non-health premium income)	X X X	155,945,131	164,328,413
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$ medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X	15,932,684	
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Line 2 to Line 7)	X X X	171,877,815	164,328,413
Hospital and Medical:			
9. Hospital/medical benefits	11,540,001	92,402,936	92,968,296
10. Other professional services	1,154,568	9,244,843	9,778,303
11. Outside referrals			
12. Emergency room and out-of-area	2,720,606	21,784,398	15,053,188
13. Prescription drugs	3,707,631	29,687,687	30,335,080
14. Aggregate write-ins for other hospital and medical	88,034	704,904	247,991
15. Incentive pool, withhold adjustments, and bonus amounts		4,202,521	4,101,836
16. Subtotal (Line 9 to Line 15)	19,210,840	158,027,289	152,484,694
Less:			
17. Net reinsurance recoveries		847,750	2,360,856
18. Total hospital and medical (Line 16 minus Line 17)	19,210,840	157,179,539	150,123,838
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 2,407,284 cost containment expenses		3,509,517	3,685,460
21. General administrative expenses		10,932,939	10,603,780
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)			
23. Total underwriting deductions (Line 18 through Line 22)	19,210,840	171,621,995	164,413,078
24. Net underwriting gain or (loss) (Line 8 minus Line 23)	X X X	255,820	(84,665)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		301,082	296,510
26. Net realized capital gains (losses) less capital gains tax of \$		3,455,740	94,277
27. Net investment gains (losses) (Line 25 plus Line 26)		3,756,822	390,787
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			
29. Aggregate write-ins for other income or expenses		(435)	1,085,342
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Line 24 plus Line 27 plus Line 28 plus Line 29)	X X X	4,012,207	1,391,464
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Line 30 minus Line 31)	X X X	4,012,207	1,391,464
DETAILS OF WRITE-INS			
0601. HHS REIMBURSEMENT HIGH RISK POOL PROGRAM	X X X	15,932,684	
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)	X X X	15,932,684	
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. Totals (Line 0701 through Line 0703 plus Line 0798) (Line 7 above)	X X X		
1401. OTHER MEDICAL	88,034	704,904	247,991
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)	88,034	704,904	247,991
2901. LOSS ON SALE OF ASSET		(435)	
2902. HHS REIMBURSEMENT HIGH RISK POOL PROGRAM			1,085,342
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above)		(435)	1,085,342

STATEMENT OF REVENUE AND EXPENSES (continued)

CAPITAL AND SURPLUS ACCOUNT	1	2
	Current Year	Prior Year
33. Capital and surplus prior reporting year	51,510,034	51,113,506
34. Net income or (loss) from Line 32	4,012,207	1,391,464
35. Change in valuation basis of aggregate policy and claims reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	(6,492,735)	(1,473,413)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	274,123	(515,170)
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Tranferred from capital		
46. Dividends to stockholders	(2,500,000)	
47. Aggregate write-ins for gains or (losses) in surplus		993,647
48. Net change in capital and surplus (Line 34 to Line 47)	(4,706,405)	396,528
49. Capital and surplus end of reporting year (Line 33 plus Line 48)	46,803,629	51,510,034
DETAILS OF WRITE-INS		
4701. UNREALIZED INVESTMENT IN AFFILIATE		993,647
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. Totals (Line 4701 through Line 4703 plus Line 4798) (Line 47 above)		993,647

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	154,750,883	163,586,912
2. Net investment income	300,568	297,569
3. Miscellaneous income	11,755,801	(354,864)
4. Total (Line 1 through Line 3)	166,807,252	163,529,617
5. Benefit and loss related payments	154,135,179	154,687,105
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	14,791,459	12,665,649
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)		
10. Total (Line 5 through Line 9)	168,926,638	167,352,754
11. Net cash from operations (Line 4 minus Line 10)	(2,119,386)	(3,823,137)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		
12.2 Stocks	23,999,371	937,012
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash and short-term investments		126,481
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	23,999,371	1,063,493
13. Cost of investments acquired (long-term only):		
13.1 Bonds		
13.2 Stocks	43,186,799	1,260,056
13.3 Mortgage loans		
13.4 Real estate		24,178
13.5 Other invested assets		
13.6 Miscellaneous applications	5,267,336	
13.7 Total investments acquired (Line 13.1 through Line 13.6)	48,454,135	1,284,234
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(24,454,764)	(220,741)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	2,500,000	
16.6 Other cash provided (applied)	(397,683)	1,782,750
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(2,897,683)	1,782,750
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(29,471,833)	(2,261,128)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	32,386,968	34,648,096
19.2 End of year (Line 18 plus Line 19.1)	2,915,135	32,386,968
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	155,945,131	151,727,685				2,594,454			1,622,992	
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$ medical expenses)										X X X
4. Risk revenue										X X X
5. Aggregate write-ins for other health care related revenues	15,932,684								15,932,684	X X X
6. Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7. Total revenues (Line 1 through Line 6)	171,877,815	151,727,685				2,594,454			17,555,676	
8. Hospital/medical benefits	92,402,936	87,554,213				1,144,231			3,704,492	X X X
9. Other professional services	9,244,843	9,001,175				114,479			129,189	X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area	21,784,398	10,707,774				269,757			10,806,867	X X X
12. Prescription drugs	29,687,687	26,677,112				709,796			2,300,779	X X X
13. Aggregate write-ins for other hospital and medical	704,904	681,504				19,319			4,081	X X X
14. Incentive pool, withhold adjustments, and bonus amounts	4,202,521	4,147,792				54,729				X X X
15. Subtotal (Line 8 through Line 14)	158,027,289	138,769,570				2,312,311			16,945,408	X X X
16. Net reinsurance recoveries	847,750	847,750								X X X
17. Total hospital and medical (Line 15 minus Line 16)	157,179,539	137,921,820				2,312,311			16,945,408	X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$ cost containment expenses	3,509,517	3,295,739				65,483			148,295	
20. General administrative expenses	10,932,939	10,266,972				203,994			461,973	
21. Increase in reserves for accident and health contracts										X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. Total underwriting deductions (Line 17 through Line 22)	171,621,995	151,484,531				2,581,788			17,555,676	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	255,820	243,154				12,666				
DETAILS OF WRITE-INS										
0501. HHS	15,932,684								15,932,684	X X X
0502.										X X X
0503.										X X X
0598. Summary of remaining write-ins for Line 5 from overflow page										X X X
0599. Total (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)	15,932,684								15,932,684	X X X
0601.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. Total (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	704,904	681,504				19,319			4,081	X X X
1302.										X X X
1303.										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page										X X X
1399. Total (Line 1301 through Line 1303 plus Line 1398) (Line 13 above)	704,904	681,504				19,319			4,081	X X X

UNDERWRITING AND INVESTMENT EXHIBIT

Part 1 - Premiums

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Column 1 plus Column 2 minus Column 3)
1. Comprehensive (hospital and medical)	153,909,729		2,182,044	151,727,685
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan	2,623,697		29,243	2,594,454
6. Title XVIII - Medicare				
7. Title XIX - Medicaid				
8. Other health	1,622,992			1,622,992
9. Health subtotal (Line 1 through Line 8)	158,156,418		2,211,287	155,945,131
10. Life				
11. Property/casualty				
12. Totals (Line 9 to Line 11)	158,156,418		2,211,287	155,945,131

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	156,173,622	141,126,570				2,131,318			12,915,734	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	926,538	926,538								
1.4 Net	155,247,084	140,200,032				2,131,318			12,915,734	
2. Paid medical incentive pools and bonuses	3,887,766	3,834,709				53,057				
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	14,309,725	7,824,750				2,246,992			4,237,983	
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	14,309,725	7,824,750				2,246,992			4,237,983	
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	4,225,314	4,170,585				54,729				
6. Net healthcare receivables (a)	6,635,488	1,733,891				497,912			4,403,685	
7. Amounts recoverable from reinsurers December 31, current year	334,207	334,207								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	10,023,092	9,383,383				319,432			320,277	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	10,023,092	9,383,383				319,432			320,277	
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	4,064,429	3,973,749				90,680				
11. Amounts recoverable from reinsurers December 31, prior year	311,445	311,445								
12. Incurred benefits:										
12.1 Direct	153,824,767	137,834,046				3,560,966			12,429,755	
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	949,300	949,300								
12.4 Net	152,875,467	136,884,746				3,560,966			12,429,755	
13. Incurred medical incentive pools and bonuses	4,048,651	4,031,545				17,106				

(a) Excludes \$ loans or advances to providers not yet expensed

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct										
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net										
2. Incurred but Unreported:										
2.1 Direct	14,309,724	7,824,750				2,246,992			4,237,982	
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	14,309,724	7,824,750				2,246,992			4,237,982	
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS:										
4.1 Direct	14,309,724	7,824,750				2,246,992			4,237,982	
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	14,309,724	7,824,750				2,246,992			4,237,982	

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Column 1 plus Column 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	8,432,069	130,748,512	59,174	10,012,568	8,491,243	9,702,815
2. Medicare Supplement						
3. Dental Only						
4. Vision Only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid						
8. Other health	308,380	12,796,896	592	4,237,391	308,972	320,277
9. Health subtotal (Line 1 through Line 8)	8,740,449	143,545,408	59,766	14,249,959	8,800,215	10,023,092
10. Healthcare receivables (a)	8,325	3,433,276			8,325	
11. Other non-health						
12. Medical incentive pools and bonus amounts	3,887,766		156,850	4,068,464	4,044,616	4,064,429
13. Totals (Line 9 minus Line 10 plus Line 11 plus Line 12)	12,619,890	140,112,132	216,616	18,318,423	12,836,506	14,087,521

(a) Excludes \$ loans or advances to providers not yet expensed.

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE PHYSICIANS HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Comprehensive (Hospital and Medical)

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	193,731	193,794	194,138	194,138	194,138
2. 2007	154,497	175,479	186,524	186,431	186,431
3. 2008	X X X	124,102	264,817	264,850	264,892
4. 2009	X X X	X X X	122,562	129,094	129,074
5. 2010	X X X	X X X	X X X	139,713	146,460
6. 2011	X X X	X X X	X X X	X X X	132,671

Section B - Incurred Health Claims - Comprehensive (Hospital and Medical)

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	197,906	197,906	197,970	197,970	197,970
2. 2007	180,449	185,085	185,103	185,110	185,110
3. 2008	X X X	182,992	182,857	182,864	182,905
4. 2009	X X X	X X X	166,985	173,600	174,173
5. 2010	X X X	X X X	X X X	159,689	167,208
6. 2011	X X X	X X X	X X X	X X X	138,110

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital and Medical)

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2007	207,452	186,431	4,887	2.621	191,318	92.223			191,318	92.223
2. 2008	175,118	264,892	4,864	1.836	269,756	154.042			269,756	154.042
3. 2009	175,928	129,074	4,072	3.155	133,146	75.682			133,146	75.682
4. 2010	162,417	146,460	3,527	2.408	149,987	92.347	215	(1)	150,201	92.479
5. 2011	153,909	132,671	3,212	2.421	135,883	88.288	13,966	185	150,034	97.482

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE PHYSICIANS HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Medicare Supplement

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007					
3. 2008	X X X				
4. 2009	X X X	X X X			
5. 2010	X X X	X X X	X X X		
6. 2011	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims - Medicare Supplement

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007					
3. 2008	X X X				
4. 2009	X X X	X X X			
5. 2010	X X X	X X X	X X X		
6. 2011	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Medicare Supplement

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2007										
2. 2008										
3. 2009										
4. 2010										
5. 2011										

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE PHYSICIANS HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Dental Only

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007					
3. 2008	X X X				
4. 2009	X X X	X X X			
5. 2010	X X X	X X X	X X X		
6. 2011	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims - Dental Only

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007					
3. 2008	X X X				
4. 2009	X X X	X X X			
5. 2010	X X X	X X X	X X X		
6. 2011	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Dental Only

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2007										
2. 2008										
3. 2009										
4. 2010										
5. 2011										

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE PHYSICIANS HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Vision Only

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007					
3. 2008	X X X				
4. 2009	X X X	X X X			
5. 2010	X X X	X X X	X X X		
6. 2011	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims - Vision Only

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007					
3. 2008	X X X				
4. 2009	X X X	X X X			
5. 2010	X X X	X X X	X X X		
6. 2011	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Vision Only

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2007										
2. 2008										
3. 2009										
4. 2010										
5. 2011										

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE PHYSICIANS HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Federal Employees Health Benefit Plan

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007					
3. 2008	X X X	2,083	2,235	2,240	2,240
4. 2009	X X X	X X X	3,623	3,938	3,937
5. 2010	X X X	X X X	X X X	3,812	3,990
6. 2011	X X X	X X X	X X X	X X X	1,953

Section B - Incurred Health Claims - Federal Employees Health Benefit Plan

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007					
3. 2008	X X X	2,093	2,246	2,246	2,246
4. 2009	X X X	X X X	4,208	4,524	3,938
5. 2010	X X X	X X X	X X X	4,537	3,991
6. 2011	X X X	X X X	X X X	X X X	2,122

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Federal Employees Health Benefit Plan

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2007										
2. 2008	2,334	2,240	75	3.348	2,315	99.186			2,315	99.186
3. 2009	4,414	3,937	95	2.413	4,032	91.346			4,032	91.346
4. 2010	3,824	3,990	52	1.303	4,042	105.701	1		4,043	105.727
5. 2011	2,624	1,953	65	3.328	2,018	76.905	115	2	2,135	81.364

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE PHYSICIANS HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XVIII Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007					
3. 2008	X X X				
4. 2009	X X X	X X X			
5. 2010	X X X	X X X	X X X		
6. 2011	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims - Title XVIII Medicare

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007					
3. 2008	X X X				
4. 2009	X X X	X X X			
5. 2010	X X X	X X X	X X X		
6. 2011	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII Medicare

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2007										
2. 2008										
3. 2009										
4. 2010										
5. 2011										

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE PHYSICIANS HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007					
3. 2008	X X X				
4. 2009	X X X	X X X			
5. 2010	X X X	X X X	X X X		
6. 2011	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007					
3. 2008	X X X				
4. 2009	X X X	X X X			
5. 2010	X X X	X X X	X X X		
6. 2011	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX Medicaid

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2007										
2. 2008										
3. 2009										
4. 2010										
5. 2011										

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE PHYSICIANS HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007					
3. 2008	X X X				
4. 2009	X X X	X X X			
5. 2010	X X X	X X X	X X X		
6. 2011	X X X	X X X	X X X	X X X	330 12,612

Section B - Incurred Health Claims - Other

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007					
3. 2008	X X X				
4. 2009	X X X	X X X			
5. 2010	X X X	X X X	X X X		
6. 2011	X X X	X X X	X X X	X X X	507 16,535

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Other

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2007										
2. 2008										
3. 2009										
4. 2010	62	330	95	28.788	425	685.484	1	1	427	688.710
5. 2011	1,623	12,612	148	1.173	12,760	786.198	4,237	77	17,074	1,052.002

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE PHYSICIANS HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	193,731	193,794	194,138	194,138	194,138
2. 2007	154,497	175,479	186,524	186,431	186,431
3. 2008	X X X	126,185	267,052	267,090	267,132
4. 2009	X X X	X X X	126,185	133,032	133,011
5. 2010	X X X	X X X	X X X	143,855	150,780
6. 2011	X X X	X X X	X X X	X X X	147,236

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	197,906	197,906	197,970	197,970	197,970
2. 2007	180,449	185,085	185,103	185,110	185,110
3. 2008	X X X	185,085	185,103	185,110	185,151
4. 2009	X X X	X X X	171,193	178,124	178,111
5. 2010	X X X	X X X	X X X	164,733	171,708
6. 2011	X X X	X X X	X X X	X X X	156,767

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2007	207,452	186,431	4,887	2.621	191,318	92.223			191,318	92.223
2. 2008	177,452	267,132	4,939	1.849	272,071	153.321			272,071	153.321
3. 2009	180,342	133,011	4,167	3.133	137,178	76.065			137,178	76.065
4. 2010	166,303	150,780	3,674	2.437	154,454	92.875	217		154,671	93.006
5. 2011	158,156	147,236	3,425	2.326	150,661	95.261	18,318	264	169,243	107.010

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Underwriting and Investment Exhibit, Part 2D

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1	2			
	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ for occupancy of own building)	68,710	31,450	312,020		412,180
2. Salaries, wages and other benefits	791,592	362,332	3,594,736		4,748,660
3. Commissions (less \$ ceded plus \$ assumed)	274,865	125,813	1,248,203		1,648,881
4. Legal fees and expenses	30,166	13,808	136,989		180,963
5. Certifications and accreditation fees	1,971	902	8,952		11,825
6. Auditing, actuarial and other consulting services	53,003	24,261	240,694		317,958
7. Traveling expenses	12,756	5,839	57,926		76,521
8. Marketing and advertising	121,162	55,459	550,216		726,837
9. Postage, express, and telephone	22,497	10,298	102,164		134,959
10. Printing and office supplies	59,315	27,150	269,360		355,825
11. Occupancy, depreciation and amortization	38,210	17,490	173,519		229,219
12. Equipment	4,550	2,083	20,664		27,297
13. Cost or depreciation of EDP equipment and software					
14. Outsourced services including EDP, claims, and other services	737,100	337,390	3,347,281		4,421,771
15. Boards, bureaus and association fees	1,594	730	7,239		9,563
16. Insurance, except on real estate	5,893	2,697	26,760		35,350
17. Collection and bank service charges	3,946	1,806	17,918		23,670
18. Group service and administration fees	75,696	34,648	343,745		454,089
19. Reimbursements by uninsured accident and health plans					
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes	4,346	1,989	19,737		26,072
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes	7,095	3,248	32,222		42,565
23.2 State premium taxes					
23.3 Regulator authority licenses and fees					
23.4 Payroll taxes	92,814	42,483	421,482		556,779
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere				54,760	54,760
25. Aggregate write-ins for expenses		356	1,111		1,467
26. Total expenses incurred (Line 1 to Line 25)	2,407,281	1,102,232	10,932,938	54,760	(a) 14,497,211
27. Less expenses unpaid December 31, current year	181,323	83,023	2,908,134		3,172,480
28. Add expenses unpaid December 31, prior year	121,999	57,411	3,217,915		3,397,325
29. Amounts receivable relating to uninsured accident and health plans, prior year					
30. Amounts receivable relating to uninsured accident and health plans, current year					
31. Total expenses paid (Line 26 minus Line 27 plus Line 28 minus Line 29 plus Line 30)	2,347,957	1,076,620	11,242,719	54,760	14,722,056
DETAILS OF WRITE-INS					
2501. OTHER PROFESSIONAL FEES		356	1,111		1,467
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)		356	1,111		1,467

(a) Includes management fees of \$ to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U. S. Government bonds	(a)	
1.1 Bonds exempt from U. S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates	212,930	212,930
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 142,912	142,912
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	355,842	355,842
11. Investment expenses		(g) 54,760
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Line 11 through Line 15)		54,760
17. Net investment income (Line 10 minus Line 16)		301,082
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above)		
(a) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.	(f) Includes \$ accrual of discount less \$ amortization of premium.	
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.	(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.	
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.	(h) Includes \$ interest on surplus notes and \$ interest on capital notes.	
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.	(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.	
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Cols. 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U. S. Government bonds					
1.1 Bonds exempt from U. S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	3,455,740		3,455,740	(3,803,434)	
2.21 Common stocks of affiliates				(1,720,205)	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets				(969,096)	
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	3,455,740		3,455,740	(6,492,735)	
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)					

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks		150,410	150,410
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1) , cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)		64,576	64,576
9. Receivable for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Line 1 to Line 11)		214,986	214,986
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	5,782,278	5,688,519	(93,759)
21. Furniture and equipment, including health care delivery assets	63,808	98,024	34,216
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivable from parent, subsidiaries and affiliates		1,631,991	1,631,991
24. Health care and other amounts receivable	2,137,317	1,111,043	(1,026,274)
25. Aggregate write-ins for other than invested assets	1,121,763	634,726	(487,037)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	9,105,166	9,379,289	274,123
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Line 26 and Line 27)	9,105,166	9,379,289	274,123
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)			
2501. PREPAIDS	1,121,763	634,726	(487,037)
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	1,121,763	634,726	(487,037)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	35,000	33,307	32,445	33,094	33,932	398,933
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	92	187	344	558	818	4,764
7. Total	35,092	33,494	32,789	33,652	34,750	403,697
DETAILS OF WRITE-INS						
0601. HIGH RISK POOL PROGRAM	92	187	344	558	818	4,764
0602						
0603						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)	92	187	344	558	818	4,764

NOTES TO FINANCIAL STATEMENTS**1. SIGNIFICANT ACCOUNTING POLICIES****A. Accounting Practices**

The financial statements of Physicians Health Plan (PHP) are presented on the basis of accounting practices prescribed or permitted by the Michigan Office of Financial & Insurance Regulation (OFIR).

OFIR recognizes only statutory accounting practices prescribed or permitted by the state of Michigan for determining and reporting the financial condition and results of operations of an insurance company. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual*, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Michigan.

A reconciliation of PHP's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Michigan is shown below:

	<u>2011</u>	<u>2010</u>
(1) Net Income, Michigan	\$ 4,012,207	\$ 1,391,464
(2) State Prescribed Practices: None		
(3) State Permitted Practices: None		
(4) Net Income, NAIC SAP	<u>\$ 4,012,207</u>	<u>\$ 1,391,464</u>
(5) Statutory Capital & Surplus, Michigan	\$46,803,629	\$51,510,034
(6) State Prescribed Practices: None		
(7) State Permitted Practices: None		
(8) Statutory Capital & Surplus, NAIC SAP	<u>\$46,803,629</u>	<u>\$51,510,034</u>

B. Use of Estimates

In preparing the financial statements in conformity with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures Manual*, management makes estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

1. Short term investments are stated at amortized cost or at market value depending upon the respective investment.

2. Bonds: Not applicable.

3. Common stocks are stated at market value.

4. Preferred stocks: Not applicable.

5. Mortgage loans: Not applicable.

6. Loan-backed securities: Not applicable.

7. Investments in subsidiaries, controlled and affiliated companies:

PHP records its investment in PHP FamilyCare, a wholly owned subsidiary licensed as a Health Maintenance Organization (HMO) by the state of Michigan, using the audited statutory equity method and reports the increase or decrease in the investment as a change in unrealized gain or loss for capital & surplus.

PHP records its investment in PHP Shared Services, LLC, a wholly owned subsidiary, using the audited statutory equity method and reports the increase or decrease in the investment as a change in unrealized gain or loss for capital & surplus.

PHP records its investment in PHP Service Company, a wholly owned subsidiary licensed as a Third Party Administrator by the state of Michigan, using the audited statutory equity method and reports the increase or decrease in the investment as a change in unrealized gain or loss for capital & surplus.

NOTES TO FINANCIAL STATEMENTS

PHP records its investment in PHP Insurance Company, a wholly owned subsidiary licensed by the state of Michigan, using the audited statutory equity method and reports the increase or decrease in the investment as a change in unrealized gain or loss for capital & surplus.

8. Investments in joint ventures, partnerships and limited liability companies: Not applicable.

9. Derivatives: Not applicable.

10. Premium deficiency reserves: Not applicable.

11. Estimating the liabilities for losses and loss/claim adjustment expenses: Estimates on unpaid losses are based upon the plan's past experience, individual case estimates and an estimate for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined. Loss/claim adjustment expenses related to claims is accrued based on estimates of expenses to process those claims.

12. Capitalization policy: PHP has not modified its capitalization from the prior period.

13. Pharmaceutical rebate receivable estimates are based upon historical rebate trends, Plan membership and estimates from PHP's pharmacy benefit manager.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

Not applicable.

3. BUSINESS COMBINATIONS AND GOODWILL

Not applicable.

4. DISCONTINUED OPERATIONS

Not applicable.

5. INVESTMENTS

A. Mortgage Loans, including Mezzanine Real Estate Loans Not applicable.

B. Debt Restructuring Not applicable.

C. Reverse Mortgages Not applicable.

D. Loan-Backed Securities Not applicable.

E. Repurchase Agreements and/or Securities Lending Transactions Not applicable.

F. Real Estate Not applicable.

G. Low-Income Housing Tax Credit (LIHTC) Investments Not applicable.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

Not applicable.

7. INVESTMENT INCOME

All investment income due or accrued has been included in the filing.

8. DERIVATIVE INSTRUMENTS

Not applicable.

9. INCOME TAXES

PHP is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code.

NOTES TO FINANCIAL STATEMENTS

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

A, B, C, D, E, F, G

PHP is a controlled entity of Sparrow Health System (SHS). Certain administrative expenses such as payroll are processed under a centralized Sparrow system. The financial statements have been prepared from separate records maintained by Sparrow, with certain expense items representing allocations from Sparrow.

PHP has a contract with Physicians Health Network (PHN). PHP members obtain medical services from PHN.

PHP FamilyCare (PHP FC) is a not-for-profit HMO organized under the laws of the state of Michigan and is a wholly-owned subsidiary of PHP. Certain administrative expenses are charged to PHP FC for services which apply to the PHP FC participants.

PHP is the sole member of PHP Shared Services, LLC. The purpose of PHP Shared Services, LLC is to facilitate statewide contracting and to achieve economies of scale to obtain health maintenance organization management and other required purchased services for owners of PHP Shared Services, LLC.

PHP Insurance Company (PHP IC) is a for-profit company organized under the laws of the state of Michigan and is a wholly-owned subsidiary of PHP. Certain administrative expenses are charged to PHP IC for services which apply directly to PHP IC.

Names of Insurers and Parent, Subsidiaries or Affiliates	Capital Contributions	Management Agreements and Service Contracts
Physicians Health Network		\$174,162,304
Physicians Health Plan		(\$135,000,361)
PHP FamilyCare		(\$43,013,723)
PHP Service Company		(\$5,394,343)
PHP Insurance Company		(\$1,511,160)
Sparrow Health System		\$10,757,284

H.	Upstream & Downstream Deductions	Not Applicable.
I.	Investment in an SCA >10% of Admitted Assets	Not Applicable.
J.	Investments in Impaired SCAs	Not Applicable.
K.	Investment in a Foreign Insurance Subsidiary	Not Applicable.
L.	Investment in Downstream NonInsurance Holding Company	Not Applicable.

11. DEBT

Not applicable.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

Some PHP employees are covered by a noncontributory pension plan sponsored by SHS (the “Plan”). Pension benefits under the Plan are based on years of service and the employee’s compensation during the last five years of employment. The policy of the Plan is to contribute an amount equal to or at least the actuarially determined minimum funding requirement. Contributions are intended to provide for benefits attributed to service to date and for those expected to be earned in the future. Plan assets are invested primarily in equities and fixed income securities. Other PHP employees are covered by an approved 401(k) program. PHP paid \$517,000 and \$588,000 to SHS in 2011 and 2010, respectively, for their pension costs.

13. CAPITAL AND SURPLUS, SHAREHOLDERS’ DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

Not applicable.

NOTES TO FINANCIAL STATEMENTS

14. CONTINGENCIES

- | | | |
|----|---|-----------------|
| A. | Contingent Commitments | Not Applicable. |
| B. | Assessments | Not Applicable. |
| C. | Gain Contingencies | Not Applicable. |
| D. | Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming From Lawsuits | Not Applicable. |
| E. | All Other Contingencies | Not Applicable. |

15. LEASES

- | | | |
|----|----------------------------------|-----------------|
| A. | Lessee Leasing Arrangements | |
| | (1) General leasing. | Not Applicable |
| | (2) Non cancelable Leases. | Not Applicable. |
| | (3) Sale-leaseback Transactions. | Not Applicable. |
| B. | Lessor Leases | Not Applicable. |

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

Not applicable.

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

Not applicable.

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

Not applicable.

19. DIRECT PREMIUM WRITTEN / PRODUCED BY MANAGING GENERAL AGENTS / THIRD PARTY ADMINISTRATORS

Not applicable.

20. FAIR VALUE MEASUREMENTS

	Fair Value Measurement Using			Total
	Level 1	Level 2	Level 3	
Assets at fair value:				
Common stocks	\$40,350,687	\$ -	\$ -	\$40,350,687
Short-term investments	6,518,613	-	-	6,518,613
Total assets at fair value	\$57,896,894	\$ -	\$ -	\$57,896,894

The Level 1 fair values are established from quoted (unadjusted) market prices in active markets for identical assets and liabilities. Level 1 inputs are generally quotes for debt or equity securities actively traded in exchange or over-the-counter markets.

There are no assets or liabilities recorded at fair value on a non-recurring basis as of December 31, 2011 and December 31, 2010.

21. OTHER ITEMS

- | | | |
|----|---------------------|-----------------|
| A. | Extraordinary Items | Not applicable. |
|----|---------------------|-----------------|

C. Other Disclosures

NOTES TO FINANCIAL STATEMENTS

Section 3 Ceded Reinsurance Report Part B.

(1) What is the estimated amount of the aggregate reduction in surplus, for agreements, not reflected in Section 2 above, of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0.00

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement to include policies or contracts which were in force or which had existing reserves established by the company as of the effective date of the agreement? Yes() No (x).

B. Uncollectible Reinsurance

Not applicable.

C. Commutation of Ceded Reinsurance

Not applicable.

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

Not applicable.

25. CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES

The following table provides a reconciliation of beginning and ending reserves for claims unpaid and unpaid claim adjustment expenses, net of reinsurance recoverable on unpaid losses:

(In Thousands)

	2011	2010
Balance – January 1	\$ 10,202	\$ 14,098
Add provision for claims occurring in:		
Current year	156,857	151,990
Prior year	(370)	(2,283)
Net incurred losses during the current year	156,487	149,707
Deduct payments for claims occurring in:		
Current year	143,157	146,485
Prior year	8,958	7,118
Net claim payments during the current year	152,115	153,603
Balance – December 31	\$ 14,754	\$ 10,202

26. INTERCOMPANY POOLING ARRANGEMENTS

Not applicable.

27. STRUCTURED SETTLEMENTS

Not applicable.

NOTES TO FINANCIAL STATEMENTS

28. HEALTH CARE RECEIVABLES

Healthcare receivables include pharmacy rebates PHP receives from third party vendors. These rebates are calculated using estimates based on per claim guarantee calculations, historical rebate trends and membership. Activity for the previous three years is summarized as follows:

A. Pharmacy Rebates (In Thousands)

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2011	1,009	1,009	-	-	-
9/30/2011	799	799	674	-	-
6/30/2011	888	888	497	-	-
3/31/2011	902	902	607	-	-

12/31/2010	951	951	528	287	-
9/30/2010	914	914	629	-	287
6/30/2010	958	958	573	-	287
3/31/2010	943	999	724	-	287

12/31/2009	760	760	803	-	970
9/30/2009	709	709	709	-	315
6/30/2009	491	526	526	-	315
3/31/2009	484	489	489	-	315

B. Risk Share Receivable. None

29. PARTICIPATING POLICIES

Not applicable.

30. PREMIUM DEFICIENCY RESERVES

Not applicable.

31. ANTICIPATED SALVAGE AND SUBROGATION

Not applicable.

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes (X) No ()

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes (X) No () N/A ()

1.3

State Regulating?

Michigan

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes () No (X)

2.2

If yes, date of change:

.....

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2008

3.2

State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2008

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/08/2010

3.4

By what department or departments?
MICHIGAN OFFICE OF FINANCIAL & INSURANCE REGULATION

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes (X) No () N/A ()

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes (X) No () N/A ()

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes () No (X)

4.12

renewals?

Yes () No (X)

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes () No (X)

4.22

renewals?

Yes () No (X)

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes () No (X)

5.2 If yes, provide the name of entity, the NAIC company code, and state of domicile for any entity that has ceased to exist as a result of the merger or consolidation.

¹ Name of Entity	² NAIC Company Code	³ State of Domicile
--------------------------------	-----------------------------------	-----------------------------------

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes () No ()

6.2 If yes, give full information:
.....

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes () No ()

7.2 If yes, 7.21 State the percentage of foreign control;%

7.22 State the nationality(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

¹ Nationality	² Type of Entity
-----------------------------	--------------------------------

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes () No ()

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes () No ()

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

¹ Affiliate Name	² Location (City, State)	³ FRB	⁴ OCC	⁵ OTS	⁶ FDIC	⁷ SEC
--------------------------------	--	---------------------	---------------------	---------------------	----------------------	---------------------

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
ERNST & YOUNG LLP, SUITE 1000, ONE KENNEDY SQUARE, 777 WOODWARD AVENUE, DETROIT, MI 48226
.....

10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule) , or substantially similar state law or regulation?

Yes () No (X)

10.2

If the response to 10. 1 is yes , provide information related to this exemption:
.....
.....

10.3

Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Model Reporting Model Regulation as allowed for in Section 17A of the Model Regulation , or substantially similar state law or regulation?

Yes () No (X)

10.4

If the response to 10.3 is yes , provide information related to this exemption:
.....
.....

10.5

Has the reporting entity established an Audit Committee in compliance with domiciliary state insurance laws?

Yes (X) No () N/A ()

10.6

If the response to 10.5 is no or n/a , please explain:
.....
.....

11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
.....
.....

12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes () No (X)

12.11

Name of real estate holding company
.....
.....

12.12

Number of parcels involved

.....

12.13

Total book/adjusted carrying value

\$

12.2

If yes, provide explanation
.....
.....

13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
.....
.....

13.2

Does this statement contain all business transacted for the reporting entity through its United States branch on risks wherever located?

Yes () No ()

13.3

Have there been any changes made to any of the trust indentures during the year?

Yes () No ()

13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes () No () N/A (X)

14.1

Are the senior officers (principal executive officer , principal financial officer , principal accounting officer or controller , or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
(a) Honest and ethical conduct , including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full , fair , accurate , timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws , rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

Yes () No (X)

14.11

If the response to 14. 1 is No , please explain:
.....
.....

14.2

Has the code of ethics for senior managers been amended?

Yes () No (X)

14.21

If the response to 14. 2 is Yes , provide information related to amendment(s) .
.....
.....

14.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes () No (X)

14.31

If the response to 14. 3 is Yes , provide the nature of any waiver (s) .
.....
.....

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes () No (X)

15.2 If the response to 15.1 is yes, indicated the American Bankers Association (ABA) Routing Number and the name of issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
--	--	--	-----------------

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

BOARD OF DIRECTORS

16.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes (X) No ()
17.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes (X) No ()
18.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers , directors, trustees, or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes (X) No ()

FINANCIAL

19.

Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g. , Generally Accepted Accounting Principles)?

Yes () No (X)
- 20.1

Total amount loaned during the year (inclusive of Separate Accounts , exclusive of policy loans):

20.11

To directors or other officers

\$

20.12

To stockholders not officers

\$

20.13

Trustees, supreme or grand (Fraternal only)

\$
- 20.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts , exclusive of policy loans):

20.21

To directors or other officers

\$

20.22

To stockholders not officers

\$

20.23

Trustees, supreme or grand (Fraternal only)

\$
- 21.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes () No (X)
- 21.2

If yes, state the amount thereof at December 31 of the current year:

21.21

Rented from others

\$

21.22

Borrowed from others

\$

21.23

Leased from others

\$

21.24

Other

\$
- 22.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes () No (X)
- 22.2

If answer is yes:

22.21

Amount paid as losses or risk adjustment

\$

22.22

Amount paid as expenses

\$

22.23

Other amounts paid

\$
- 23.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes (X) No ()
- 23.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ 4,415

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

INVESTMENT

24.1

Were all the stocks , bonds and other securities owned December 31 of current year , over which the reporting entity has exclusive control , in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.3)

Yes (X) No ()

24.2

If no , give full and complete information relating thereto:

24.3

For the security lending programs , provide a description of the program including value for collateral and amount of loaned securities , and whether collateral is carried on or off-balance sheet . (an alternative is to reference Note 16 where this information is also provided)

24.4

Does the Company's security lending program meet the requirements for a conforming program as outlined in Risk-Based Capital Instructions?

Yes () No () N/A (X)

24.5

If answer to 24. 4 is YES , report amount of collateral for conforming programs .

\$

24.6

If answer to 24. 4 is NO , report amount of collateral for other programs .

\$

24.7

Does your security lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes () No () N/A (X)

24.8

Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes () No () N/A (X)

24.9

Does the reporting entity or the reporting entity/s securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes () No () N/A (X)

25.1

Were any of the stocks , bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity , or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21. 1 and 24.3)

Yes (X) No ()

25.2

If yes , state the amount thereof at December 31 of the current year:

25.21

Subject to repurchase agreements

\$

25.22

Subject to reverse repurchase agreements

\$

25.23

Subject to dollar repurchase agreements

\$

25.24

Subject to reverse dollar repurchase agreements

\$

25.25

Pledged as collateral

\$

25.26

Placed under option agreements

\$

25.27

Letter stock or securities restricted as to sale

\$

25.28

On deposit with state or other regulatory body

\$ 1,164,909

25.29

Other

\$

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
INVESTMENT

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
----------------------------	------------------	-------------

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes () No (X)
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes () No () N/A (X)
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes () No (X)
- 27.2 If yes, state the amount thereof at December 31 of the current year.

\$

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
INVESTMENT

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds, and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III General Examination Considerations, F - Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes (X) No ()

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

<div>1</div> <div>Name of Custodian(s)</div>	<div>2</div> <div>Custodian's Address</div>
--	---

BNY MELLON ONE MELLON CENTER, PITTSBURGH, PA 15258-0001

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

<div>1</div> <div>Name(s)</div>	<div>2</div> <div>Location(s)</div>	<div>3</div> <div>Complete Explanation(s)</div>
---------------------------------	-------------------------------------	---

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes () No ()

28.04 If yes, give full and complete information relating thereto:

<div>1</div> <div>Old Custodian</div>	<div>2</div> <div>New Custodian</div>	<div>3</div> <div>Date of Change</div>	<div>4</div> <div>Reason</div>
---------------------------------------	---------------------------------------	--	--------------------------------

28.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

<div>1</div> <div>Central Registration Depository Number(s)</div>	<div>2</div> <div>Name</div>	<div>3</div> <div>Address</div>
---	------------------------------	---------------------------------

N/A SEI 1 FREEDOM DRIVE, OAKS, PA 19456

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
INVESTMENT

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes () No (X)

29.2 If yes, complete the following schedule:

1 CUSIP Number	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
-------------------	--------------------------	-----------------------------------

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from question 29.2)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
--	--	---	------------------------

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
INVESTMENT

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-) , or Fair Value over Statement (+)
30.1 Bonds	\$ 6,518,613	\$ 6,518,613	\$
30.2 Preferred stocks	\$	\$	\$
30.3 Totals	\$ 6,518,613	\$ 6,518,613	\$

30.4 Describe the sources or methods utilized in determining the fair values:
NAIC ACCOUNTING PRACTICES
.....

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes () No (X)

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes () No ()

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
PRICE PUBLISHED IN NAIC VALUATION OF SECURITIES
.....

32.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed? Yes (X) No ()

32.2 If no, list exceptions:
.....
.....

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
OTHER

33.1 Amount of payments to Trade Associations , service organizations and statistical or Rating Bureaus , if any? \$ 152,680

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations , service organizations and statistical or rating bureaus during the period covered by this statement .

1 Name	2 Amount Paid
MICHIGAN ASSOCIATION OF HEALTH PLANS	\$ 53,780
HEALTH PLAN ALLIANCE	\$ 44,430
.....	\$
.....	\$

34.1 Amount of payments for legal expenses, if any? \$ 180,963

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement .

1 Name	2 Amount Paid
FOSTER SWIFT COLLINS & SMITH	\$ 180,963
.....	\$
.....	\$
.....	\$

35.1 Amount of payments for expenditures in connection with matters before legislative bodies , officers or departments of government , if any? \$

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies , officers or departments of government during the period covered by this statement .

1 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$
.....	\$

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes () No (X)

1.2

If yes, indicate premium earned on U. S. business only.

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding:

.....

.....

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

1.62

Total incurred claims

\$

1.63

Number of covered lives

.....

All years prior to most current three years:

1.64

Total premium earned

\$

1.65

Total incurred claims

\$

1.66

Number of covered lives

.....

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

1.72

Total incurred claims

\$

1.73

Number of covered lives

.....

All years prior to most current three years:

1.74

Total premium earned

\$

1.75

Total incurred claims

\$

1.76

Number of covered lives

.....

2.

Health Test:

2.1

Premium Numerator

\$ 155,945,131

\$ 164,328,413

2.2

Premium Denominator

\$ 155,945,131

\$ 164,328,413

2.3

Premium Ratio (2.1 / 2.2)

..... 1.000

..... 1.000

2.4

Reserve Numerator

\$ 18,535,038

\$ 14,087,522

2.5

Reserve Denominator

\$ 18,535,038

\$ 14,087,522

2.6

Reserve Ratio (2.4 / 2.5)

..... 1.000

..... 1.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes () No (X)

3.2

If yes, give particulars:

.....

.....

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes (X) No ()

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes () No (X)

5.1

Does the reporting entity have stop-loss reinsurance?

Yes (X) No ()

5.2

If no, explain:

.....

.....

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$ 300,000

5.32

Medical Only

\$

5.33

Medicare Supplement

\$

5.34

Dental & Vision

\$

5.35

Other Limited Benefit Plan

\$

5.36

Other

\$

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

HOLD HARMLESS PROVISION IN PROVIDER CONTRACT

STATE REQUIRED RESERVES & INSOLVENCY CLAUSE IN REINSURANCE AGREEMENT

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes (X) No ()

7.2

If no, give details:

.....

.....

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

..... 1,672

8.2

Number of providers at end of reporting year

..... 1,688

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes () No (X)

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months

.....

9.22

Business with rate guarantees over 36 months

.....

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

10.1

Does the reporting entity have Incentive Pool, Withhold, or Bonus Arrangements in its provider contracts?

Yes (X) No ()

10.2

If yes:

10.21

Maximum amount payable bonuses

\$

10.22

Amount actually paid for year bonuses

\$

10.23

Maximum amount payable withholds

\$ 3,887,766

10.24

Amount actually paid for year withholds

\$ 3,887,766

11.1

Is the reporting entity organized as:

11.12

A Medical Group / Staff Model,

Yes () No (X)

11.13

An Individual Practice Association (IPA) , or

Yes (X) No ()

11.14

A Mixed Model (combination of above)?

Yes () No (X)

11.2

Is the reporting entity subject to Minimum Net Worth Requirements?

Yes (X) No ()

11.3

If yes, show the name of the state requiring such net worth.

..... Michigan

11.4

If yes, show the amount required.

\$ 25,794,208

11.5

Is this amount included as part of a contingency reserve in stockholder's equity?

Yes () No (X)

11.6

If the amount is calculated, show the calculation

12/31/2011 RBC COMPANY ACTION LEVEL = 25,794,208

.....

12.1 List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Clinton, Eaton, Gratiot, Hillsdale, Ingham, Ionia
Isabella(Part) , Jackson, Lenawee(Part) , Montcalm
Saginaw(Part) , Shiawassee, Washtenaw(Part)

13.1

Do you act as a custodian for health savings accounts?

Yes () No (X)

13.2

If yes, please provide the amount of custodial funds held as of the reporting date.

\$

13.3

Do you act as an administrator for health savings accounts?

Yes () No (X)

13.4

If yes, please provide the balance of the funds administered as of the reporting date.

\$

GENERAL INTERROGATORIES - Line 12 (continued)

1 Name of Service Area	
Name of Service Area	
CLINTON COUNTY	
EATON COUNTY	
GRATIOT COUNTY	
HILLSDALE COUNTY	
INGHAM COUNTY	
IONIA COUNTY	
ISABELLA COUNTY (PARTIAL)	
JACKSON COUNTY	
LENAWEE COUNTY (PARTIAL)	
MONTCALM COUNTY	
SAGINAW COUNTY (PARTIAL)	
SHIAWASSEE COUNTY	
WASHTENAW COUNTY (PARTIAL)	
12 - Name of Service Area	

FIVE - YEAR HISTORICAL DATA

	1	2	3	4	5
	2011	2010	2009	2008	2007
BALANCE SHEET (Page 2 and Page 3)					
1. Total admitted assets (Page 2, Line 28)	70,272,205	73,918,572	80,031,898	69,146,342	86,680,724
2. Total liabilities (Page 3, Line 24)	23,468,576	22,408,538	28,918,392	35,995,715	48,375,039
3. Statutory surplus	25,794,208	21,000,704	21,575,238	17,563,702	20,202,512
4. Total capital and surplus (Page 3, Line 33)	46,803,629	51,532,173	51,113,506	33,150,627	38,305,685
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	171,877,815	164,328,413	178,322,864	175,298,274	207,452,283
6. Total medical and hospital expenses (Line 18)	157,179,539	150,123,838	156,681,838	154,163,992	182,280,987
7. Claims adjustment expenses (Line 20)	3,509,517	3,685,460	3,989,944	4,201,512	5,221,023
8. Total administrative expenses (Line 21)	10,932,939	10,603,780	11,415,246	12,020,543	15,844,557
9. Net underwriting gain (loss) (Line 24)	255,820	(84,665)	6,235,836	4,912,227	4,105,716
10. Net investment gain (loss) (Line 27)	3,756,822	390,787	(277,810)	(1,686,598)	2,807,042
11. Total other income (Line 28 plus Line 29)	(435)	1,085,342	334	6,400	5,779
12. Net income or (loss) (Line 32)	4,012,207	1,391,464	5,958,360	3,232,029	6,918,537
CASH FLOW (Page 6)					
13. Net cash from operations (Line 11)	(2,119,386)	(3,823,137)	(310,322)	105,364	3,184,184
RISK-BASED CAPITAL ANALYSIS					
14. Total adjusted capital	46,803,629	51,532,173	51,113,506	33,150,627	38,305,685
15. Authorized control level risk-based capital	12,897,104	10,500,352	10,787,619	8,778,448	10,101,256
ENROLLMENT (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	34,750	35,092	40,048	40,811	48,801
17. Total members months (Column 6, Line 7)	403,697	432,399	498,975	513,862	658,973
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Line 2, Line 3, and Line 5) X 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Line 3 plus Line 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	100.8	91.4	87.9	87.9	87.9
20. Cost containment expenses	1.5	1.5	1.5	1.6	0.2
21. Other claims adjustment expenses	0.7	0.7	0.7	0.8	2.3
22. Total underwriting deductions (Line 23)	110.1	100.1	96.5	97.2	98.0
23. Total underwriting gain (loss) (Line 24)	0.2	(0.1)	3.5	2.8	2.0
UNPAID CLAIMS ANALYSIS (U and I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Column 5)	12,836,506	11,562,489	22,173,302	33,920,850	35,163,505
25. Estimated liability of unpaid claims of prior year (Line 13, Column 6)	14,087,521	17,089,568	26,643,908	30,837,808	35,574,706
INVESTMENTS IN PARENT, SUBSIDIARIES, AND AFFILIATES					
26. Affiliated bonds (Schedule D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Schedule D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Schedule D Summary, Line 24, Column 1)	9,182,148	6,251,943	9,191,247	7,362,083	8,276,035
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated	6,413,428	6,517,946	6,657,461	5,349,882	6,839,205
32. Total of above Line 26 to Line 31	15,595,576	12,769,889	15,848,708	12,711,965	15,115,240

Note: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes () No ()

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1		Direct Business Only Year to Date							
	Active Status		2	3	4	5	6	7	8	9
			Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Column 2 Through Column 7	Deposit-Type Contracts
1. Alabama	AL	N								
2. Alaska	AK	N								
3. Arizona	AZ	N								
4. Arkansas	AR	N								
5. California	CA	N								
6. Colorado	CO	N								
7. Connecticut	CT	N								
8. Delaware	DE	N								
9. District of Columbia	DC	N								
10. Florida	FL	N								
11. Georgia	GA	N								
12. Hawaii	HI	N								
13. Idaho	ID	N								
14. Illinois	IL	N								
15. Indiana	IN	N								
16. Iowa	IA	N								
17. Kansas	KS	N								
18. Kentucky	KY	N								
19. Louisiana	LA	N								
20. Maine	ME	N								
21. Maryland	MD	N								
22. Massachusetts	MA	N								
23. Michigan	MI	L	155,532,721			2,623,696			158,156,417	
24. Minnesota	MN	N								
25. Mississippi	MS	N								
26. Missouri	MO	N								
27. Montana	MT	N								
28. Nebraska	NE	N								
29. Nevada	NV	N								
30. New Hampshire	NH	N								
31. New Jersey	NJ	N								
32. New Mexico	NM	N								
33. New York	NY	N								
34. North Carolina	NC	N								
35. North Dakota	ND	N								
36. Ohio	OH	N								
37. Oklahoma	OK	N								
38. Oregon	OR	N								
39. Pennsylvania	PA	N								
40. Rhode Island	RI	N								
41. South Carolina	SC	N								
42. South Dakota	SD	N								
43. Tennessee	TN	N								
44. Texas	TX	N								
45. Utah	UT	N								
46. Vermont	VT	N								
47. Virginia	VA	N								
48. Washington	WA	N								
49. West Virginia	WV	N								
50. Wisconsin	WI	N								
51. Wyoming	WY	N								
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N								
55. U.S. Virgin Islands	VI	N								
56. Northern Mariana Islands	MP	N								
57. Canada	CN	N								
58. Aggregate Other Alien	OT	X X X								
59. Subtotal	X X X		155,532,721			2,623,696			158,156,417	
60. Reporting entity contributions for Employee Benefit Plans	X X X									
61. Total (Direct Business)	(a) 1		155,532,721			2,623,696			158,156,417	

DETAILS OF WRITE-INS										
5801.										
5802.										
5803.										
5898. Summary of remaining write-ins for Line 58 from overflow page										
5899. Total (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)										

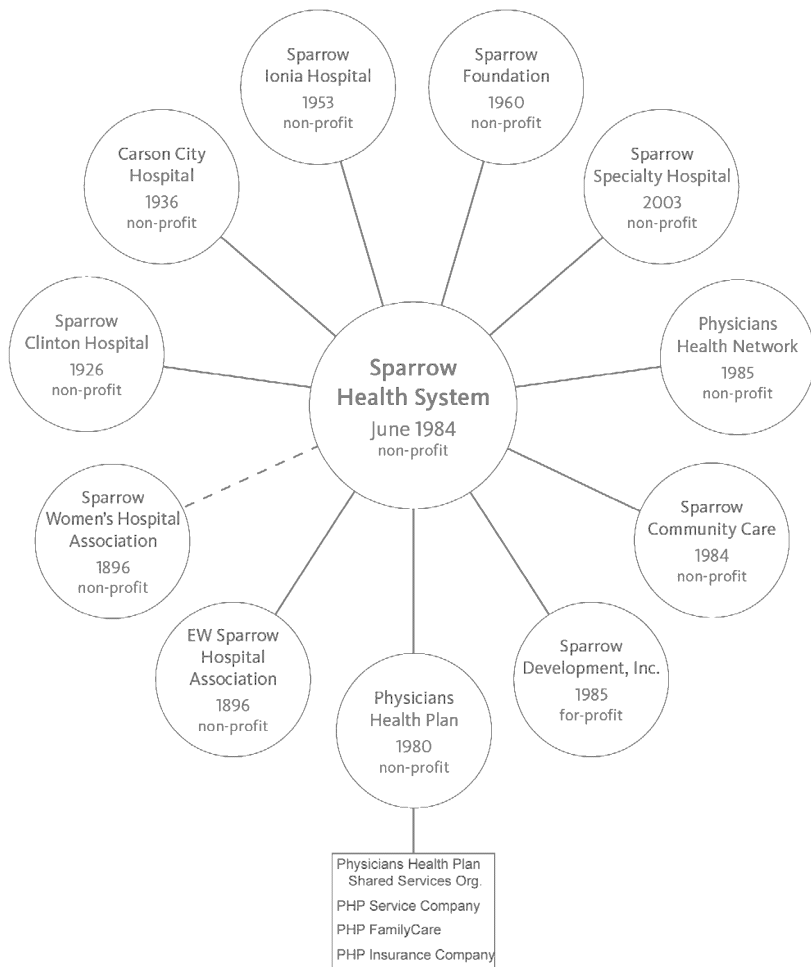
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.

ALL PREMIUMS WRITTEN IN THE STATE OF MICHIGAN

(a) Insert the number of "L" responses except for Canada and Other Alien.

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE PHYSICIANS HEALTH PLAN
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



Health

Annual Statement Blank Alphabetical Index

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